

TRANSMISSION COST ADJUSTMENT

Page 1 of 1

The Transmission Cost Adjustment shall recover from customers taking transmission service under the Company's rates, the charges under the Company's FERC approved transmission tariffs, or charges billed to the Company by any other transmission provider, and by other regional transmission or operating entities, such as NEPOOL, a regional transmission group (RTG), an independent system operator (ISO), or other regional body, in the event that they are authorized to bill the Company directly for their services and shall include any other charges relating to the stability of the transmission system which the Company is authorized to recover from retail customers by order of the regulatory agency having jurisdiction over such charges. However, under no circumstances shall such charges recover costs which are collected by the Company in some other rate or charge.

The Transmission Cost Adjustment factors shall be established annually based on a forecast of transmission costs and shall include a full reconciliation and adjustment for any over- or under-recoveries occurring under the prior year's adjustment. The Company may file to change the factor adjustments at any time should significant over- or under-recoveries occur. If actual costs and revenues are unavailable for any month, said costs or revenues shall be estimated, subject to later adjustment, for purposes of the foregoing calculation.

Any adjustment of the Transmission Cost Adjustment factors shall be in accordance with a notice filed with the Department of Telecommunications and Energy (the "Department") setting forth the amount of the proposed new factors, the amount of the increase or decrease, and the effective delivery charge in the Company's rates as adjusted to reflect the new factors. The notice shall further specify the effective date of such adjustments, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

The operation of the Transmission Cost Adjustment is subject to Chapter 164 of the General Laws.